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C O N F I D E N T I A L OTTAWA 001507

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TAGS: [PGOV](#) [PREL](#) [AF](#) [CA](#)
SUBJECT: OTTAWA'S UNEXPECTED POLITICAL TURMOIL; NEW
ELECTION, ANYONE?

REF: A. OTTAWA 1504
[1](#)B. OTTAWA 1502
[1](#)C. OTTAWA 1495

Classified By: PolMinCouns Scott Bellard, reason 1.4 (d)

[1](#)1. (C) Summary and comment. Prime Minister Stephen Harper faces a new and rather unexpected political challenge in the wake of the Conservatives' miscalculations in the Economic and Fiscal Statement (reftels). The Liberals and New Democratic Party on December 1 formalized an agreement to try to form an almost unprecedented coalition government, with the additional support of the Bloc Quebecois (whose votes would be essential to survive confidence votes). The Governor General has cut short a European tour to deal with the "crisis," which may require her to decide whether to accept a request from the Prime Minister either to prorogue Parliament or to set a new federal election. She also has the theoretical choice of entrusting the government without a new election to the would-be opposition coalition. Most of this drama is very Ottawa-specific; there is little public interest in the ins-and-outs of the economic statement or other Parliamentary debates, and much opposition to the idea of another election so soon, as well as popular outrage that politicians are playing political games instead of dealing constructively with the global economic crisis as it affects Canadians. It appears markedly less likely even than 24 hours ago that PM Harper could continue to coast in power. His best bet at this point is probably to call for a new election (in the hope that the campaign would effectively destroy the would-be coalition), and to argue strenuously to the Governor General that she does not indeed have the Constitutional authority to let a coalition of opposition parties form a government absent a new election. End summary and comment.

Counter-attack

[1](#)2. (SBU) In an unprecedented move that has seemingly shifted the Canadian political landscape, leader of the Official Opposition Liberal Party Stephane Dion and New Democratic Party (NDP) leader Jack Layton late afternoon on December 1 signed an "Accord on a Cooperative Government to Address the Present Economic Crisis," under which they proposed to form a coalition government to replace the Conservative government of Prime Minister Stephen Harper. Under its terms, Dion would be Prime Minister and would have a Liberal Finance Minister as well as 17 other Cabinet positions, while the NDP would receive six ministerial slots and six parliamentary secretaries. The two party caucuses would remain distinct but would have the option of meeting jointly. They pledged to work together on a "no surprises" basis and to adhere to the accord until June 30, 2011. Bloc Quebecois leader Gilles Duceppe joined them in also signing a "Policy Accord to Address the Present Economic Crisis"

focused on "fiscal responsibility" but with an economic stimulus package as "the top priority of the new Government."

(Most details of the package remain unclear, but estimates of its cost are about C\$30 billion.) The Bloc would not join the coalition, but agreed to support it on all matters of confidence until June 30, 2010. Green Party leader Elizabeth May on December 2 expressed her support for the coalition proposal.

13. (SBU) Dion and Layton subsequently wrote separately to Governor General Michaëlle Jean to inform her that PM Harper clearly no longer had the confidence of the House of Commons and that their proposed coalition was prepared to take the reins of government. Jean on December 2 announced that she would cut short her official visit to Europe and return to Ottawa on December 3 for consultations with PM Harper.

14. (C) The NDP has apparently swallowed some bitter pills in order to forge what some Conservatives have called an "unholy alliance." Notably, the March 2008 Parliamentary motion to extend the Canadian Forces' mandate in Kandahar until 2011 remains intact; the would-be coalition will not seek to revisit this decision, despite the NDP's previous strong opposition. Additionally, the NDP agreed to allow the Conservatives' corporate tax cuts -- which the NDP had strenuously opposed -- to remain in place. The Liberals apparently have promised that at least two of the NDP Cabinet positions would be "substantive," with Layton reportedly angling for the Industry portfolio.

15. (C) For their part, the Liberals somewhat surprisingly rallied around lame duck leader Dion, who would be the Prime Minister in a coalition government, but only until the May 2, 2009 Liberal Party vote on a new leader. The three presumed leadership candidates -- Michael Ignatieff, Bob Rae, and Dominic LeBlanc -- appeared together on December 1 to announce their support for Dion as an interim Prime Minister, despite Ignatieff's reported earlier skepticism about the coalition proposal and the general antipathy of all three against Dion.

Next Conservative Steps

16. (C) In House of Commons' Question Periods and in the media, PM Harper and key Conservative attack dogs -- Public Safety Minister Peter Van Loan, Heritage Minister James Moore, and Ottawa MP Pierre Poilievre -- have savaged the idea of a coalition taking power as "undemocratic" and a "power grab" by a party that "had its worst showing since Confederation" (the Liberals), a "socialist" party (NDP), and a "separatist" party (Bloc). Some have even used the term "coup d'etat." They have largely skirted questions about whether PM Harper would recommend that the Governor General prorogue Parliament (re-start the Parliamentary session, with a new Throne Speech), presumably in late January, would call for a new election, or would (most improbably) turn over power to the coalition as soon as it loses a confidence vote.

(A Liberal motion expressing a loss of confidence due to the failure of the government's November 27 Economic and Fiscal Statement to include an economic stimulus package remains on the Commons' agenda for December 8.) Increasingly, however, Conservative representatives appear to be arguing that the would-be coalition should directly present itself as such to Canadian voters. As PM Harper pointedly insisted in Question Hour on December 2, "here in Canada, if you want to be Prime Minister, you get your mandate from the Canadian people, not the sovereigntists in Quebec."

17. (C) At this point, a new election is probably the Conservatives' best bet, even though the outcome might well look very much like the results of the October 14 election; it is difficult at this point to imagine any of the parties picking up any popularity points so soon after the last election. The Conservatives remain in the best organizational and financial shape to undertake an election, and have already re-opened their now-legendary "war room" and

reportedly have also placed a deposit on a campaign plane and buses. Key obstacles, however, would include not only voters' election-overload and apathy, but real irritation at the Conservatives for having unnecessarily provoked a new political crisis. But the Conservatives may calculate that the competition of a campaign would strain, perhaps fatally, the would-be coalition. Both the Liberals and NDP would presumably want to maintain or if possible increase their seats in the House, and so would again field candidates in all ridings, even competing against each other, as usual. Could they successfully pitch the coalition plan to skeptical voters? Unlikely.

¶18. (C) The Conservatives have vowed to use all "legal" means to stop the coalition plan. The party on December 2 launched a series of ads, one of whose slogans is "This is Canada...power must be earned, not taken." They are also organizing public rallies to galvanize public opposition to the concept of a coalition, reminding voters that the Liberals during the last campaign pledged that they would never enter into a coalition with the NDP.

¶19. (C) Prorogation remains a political possibility, but a declining one, as it seems less and less likely that a "cooling off" period would have any real chance of success. With the opposition parties seemingly emboldened by perceptions of Conservative mis-steps and leadership weaknesses, it would be improbable that they would be more acquiescent to Conservative legislation and proposals in six weeks than they are now.

¶10. (C) Conceivably, PM Harper could also quickly table some additional steps to address Canada's economic problems as a sop to the coalition's arguments, but he still seems unwilling to do so before the presentation of the budget in late January. He could also re-assign Finance Minister Jim Flaherty -- who presented the Economic Statement in the Commons and who had already been a lightning rod of criticism in Ontario -- and/or accept the resignation of new chief of staff Guy Giorno. But neither step would gain him any real traction with the public or the opposition, and would likely instead appear as additional signs of strategic weakness. Meanwhile, grumblings against Harper's leadership style within the Conservative camp grow, suggesting that his own days as leader could be numbered -- although as yet no

significant alternative has emerged.

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